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3 November 1950

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MEMORANDUM FOR: [REDACTED]

CITE

SUBJECT: Appraisal of Foreign Economic Intelligence Requirements, Facilities and Arrangements Related to the National Security

REFERENCE: Paper entitled "Foreign Economic Intelligence Requirements Relating to the National Security", dated 11 October 1950

1. The paper on economic intelligence requirements (see reference) is very thorough, but on account of this characteristic it is complex. As the paper stands, its complexity may cause prolonged discussion as we seek to obtain external collaboration in its revision. The suggestions herein are offered in the interest of clarification and simplification of the paper, with the idea that early revision on CIA initiative may serve to reduce controversy.

2. The paper should begin with an assumption as to the general scope of economic intelligence. It is true that there are extensive overlaps between the various fields of intelligence activity, yet there is no reason to infer that it is the intention of the NSC directive that all collateral subject matter be included in the present study, but rather that the study should be undertaken on the assumption that similar coordinating action will cover other fields, and with the knowledge that economic intelligence cannot stand alone. For present purposes, therefore, it would appear to be proper to limit our concept of economic intelligence to what is definitely economic, omitting from consideration those factors merely influencing the economic. On this basis, the following subjects are those which should be covered:

a. Structure of the economy (omitting political and sociological considerations);

b. Labor, quantity and quality (looking at labor as a concrete segment of the population, omitting overall population and sociological considerations);

c. Availability and production of raw materials;

d. Availability and production of fuels and power;

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- e. Processing and manufacturing;
- f. Transportation and communications;
- g. Trade;
- h. Finance;
- i. Evaluation of the economy (national wealth and income, economic indices, potential and vulnerability).

3. After defining the scope of economic intelligence, the paper should define "requirements" in the sense that the term is subsequently employed therein. The word should refer, in this case, to requirements for economic intelligence production, in terms of:

- a. Subject matter - see paragraph 2;
- b. Area - a full treatment of the area problem cannot be given in an overall planning paper, but fundamental considerations can be outlined and explained;
- c. Fields of U.S. economic policy and action requiring intelligence support - for example: economic warfare measures, mobilization planning, military assistance, economic assistance, economic development, foreign trade and finance, military operations, or military occupation;
- d. Kinds of intelligence support - for example: basic, operational, or planning intelligence, or intelligence to support the formulation of policy.

4. TAB A of the paper, while being revised to reflect the point of view expressed in Paragraph 2, should have its title altered to signify that it covers the subject matter of economic intelligence; see Paragraph 3a, as a process involving both production and collection. As the paper stands at present, it provides no guide for the subject matter of production except in the case of background studies, since TAB A, besides dealing with the collection of information, covers only that one phase of production.

5. TAB A, if altered as above, will cover requirements from the point of view of subject matter. Each of the other points of view from which requirements can be described (see Paragraphs 3b, 3c and 3d) should be covered in its own section of a revised paper.

6. The use of the word "capabilities" should be avoided in the final paper, unless it is decided to use it in its exact technical sense (see memorandum from the DDI to AD/OPS and AD/OOI, dated

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13 September 1950, subject: "The Consideration of U.S. Capabilities in Intelligence Estimates"). In the present version of the paper, the word "capabilities" is employed as the opposite to "vulnerabilities". It is apparently intended, therefore, to refer to economic potential, rather than to possible courses of action.

7. In conclusion, it is believed that the final version of the statement of requirements should be a policy document, suitable for consideration by the SEC, and should be, therefore, as simple and as explicit as it is possible to make it.

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cc: OSI
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Mr Rebel
HZ/ar